

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7296

BILL NUMBER: HB 1248

NOTE PREPARED: Feb 19, 2007

BILL AMENDED:

SUBJECT: Viatical Settlements.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires certain disclosures by viatical settlement providers and viatical settlement brokers. It prohibits a life insurance company from selling a life insurance policy financed with the intent to be sold to investors.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: Individuals suspected of violating the provisions commit an unfair and deceptive act or practice in the business of insurance and may be subject to a hearing by the Commissioner of Insurance. The provision may increase the number of violations for which a hearing may ensue; however, the Department of Insurance (DOI) should be able to handle any additional expenses given its current level of budget and resources.

Explanation of State Revenues: As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources:

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